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Government of Saskatchewan

Annual Report 1981 - 82

The Saskatchewan Beef Stabilization Board

Saskatchewan

Minister
of Agriculture

Legislative Building
Regina, Canada
S4S 0B3

(306) 565-5886

SASKATCHEWAN BEEF STABILIZATION BOARD

The Honourable C. Irwin McIntosh
Lieutenant Governor of
the Province of Saskatchewan

Sir:

I have the honour to submit herewith the annual report of the Saskatchewan Beef Stabilization Board for the three months ending March 31, 1982.

I have the honour to be, Sir,

Your obedient servant
Eric Berntson
Minister of Agriculture

Saskatchewan

Saskatchewan
Beef
Stabilization
Board

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Regina, Canada
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SASKATCHEWAN BEEF STABILIZATION BOARD

Honourable Eric Berntson
Minister of Agriculture
REGINA, Saskatchewan

Dear Sir:

I am pleased to present herewith the annual report of the Saskatchewan Beef Stabilization Board for the three months ending March 31, 1982.

Respectfully submitted,
Boyd Anderson, Chairman
Saskatchewan Beef Stabilization
Board

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ANNUAL REPORT

OF THE

SASKATCHEWAN BEEF STABILIZATION BOARD

1981-1982

CHAIRMAN'S COMMENTS

The Saskatchewan Beef Stabilization Board began operation on January 1, 1982. The Board operates the Beef Stabilization Plan and markets cattle on behalf of participants. The plan as introduced was a voluntary plan based on the cow herd maintained on an ongoing basis by Saskatchewan producers. A production unit could enroll finished cattle up to 90% of the number of cows in the herd to a maximum of 200 head per producer and to a maximum of three producers per production unit. In addition, producers could enroll up to 50 purchased feeders in the plan.

The market insurance support level in the plan was based on a cost of production formula including the cost of maintaining a cow herd the previous year and the finishing costs of steer calves in the current year. The support level is 100% of cash costs plus 55% of non-cash costs.

Marketing through a central desk selling system direct to packing plants facilitates stabilization deduction at source on finished animals. Returns were sent from the packing plant to the Board. A 4% levy was deducted to operate the insurance fund. Through arrangements with Hartford Insurance Company all animals were insured against all risk while in transit. The insurance fee was also deducted from returns. The Board also charged a $2.00 fee as an administration charge for marketing.

At the end of each quarter the average market price received by producers for A1, A2 steers during the quarter was compared to the support level established for the year.

The plan began with 2,315 production units enrolled. The low prices of 1981 continued into 1982 and the price ranged from $1.14 for A1, A2 steers in the week of January 11-15, to $1.26 in the week of March 22-26 during the first quarter. An average market price of $1.20/cwt (hot) rail was obtained. With a support level of $1.66/cwt this resulted in a payment of .46/cwt on 45,307 animals marketed during the period.

As with any new plan, modifications will be needed in order that the Saskatchewan Beef Stabilization Plan be improved and better serve producers. The Board has identified a number of changes to be introduced in the next fiscal year.

Boyd Anderson
Chairman
Saskatchewan Beef
Stabilization Board

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BOARD PERSONNEL

BOARD OF DIRECTORS

Mr. Harry-Jae Elder, Chairman.....Filmore
Mr. J.W.(Bill) Marshall, Vice-Chairman.....Prince Albert
Mr. Walter Bender .....Porcupine Plain
Mr. Lorne Cholin.....Kerrobert
Mr. Dale Flavel.....Bulyea
Mr. Rudy Jurke.....Lloydminster
Mr. Bernard Kirwan.....Gull Lake
Mr. Orville Thompson.....Carnduff
Mr. Evans Thordarson.....Mozart

STAFF

Ross Reynolds.....General Manager
Del Chorney.....Office Manager
Harry Long.....Marketing Manager

The Board employed seven full-time and six temporary staff in addition to those listed above as of March 31, 1982.

BOARD CHANGES

Subsequent to the end of the 1981-1982 fiscal year, Saskatchewan Agriculture Minister Eric Berntson announced the appointment of Mr. Boyd Anderson as Chairman of the Saskatchewan Beef Stabilization Board and the appointments of Mr. Errol Cochrane and Mr. Frank Lockwood to the Saskatchewan Beef Stabilization Board of Directors.

The appointments were made to replace Harry-Jae Elder of Filmore, Walter Bender of Porcupine Plain and Dale Flavel of Bulyea.

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SASKATCHEWAN BEEF BOARD OPERATIONS 1981-1982

The Saskatchewan Beef Stabilization Board began booking cattle to be sold through the Board and covered under the plan in mid-December, 1981. The first sales were made January 4, 1982 through the central selling desk of the Board office.

Small lots of cattle were booked through the Board and delivered direct to the plant of the producer's choice as soon as a kill date could be obtained from the packer.

Producers wishing to assemble through an assembly point made arrangements with the assembler. When the assembler had enough cattle booked to form a load, the load was described to the marketing personnel who then offered it for sale to all plants.

Those producers that had a full load of finished cattle or could make up a load with a neighbour, described the load to the Board who in turn obtained bids on the load from all plants.

The owner or assembler of the cattle is informed of the bids of all plants. It is then their choice to accept the best bid or pass all bids and offer the cattle for sale at a later date. All bids are free on board the plant. The producer must estimate the best bid taking freight and shrink into consideration.

Producers were allowed to deliver direct to small plants and abbatoirs and receive coverage on those animals.

When the plan began the Board obtained the bid price from each plant every day and attempted to move as many cattle as possible to the highest price plant until it was full. A change to a sealed bid system on each load was made part way through the second month of operations. This system has proven to be a better system of obtaining competative bids.

There was a concern that a large number of over fat animals would appear at the start of the plan. There was, however, no larger number of A3's and A4's than normal. A large number of underfinished animals was also expected but the percentage of B1's and C1's did not increase.

Packer confidence in producer descriptions and in the ability of new feeders to produce a quality product increased greatly. With an individual load bid system, quality "reputation" cattle receive the top price that reflects the quality. Prices received by the Board compared favourably with other methods of selling cattle.

*TOTAL CATTLE SOLD FROM 1st JANUARY - 31st MARCH, 1982

ALBERTA	SASKATCHEWAN	MANITOBA	OTHERS	TOTAL
5,346	23,876	15,631	454	45,307
11.8%	52.7%	34.5%	1.0%	

*The Board receives bids from eighteen major packing plants in Western Canada. If prices are in line, the closest plant is always the most economical location to kill slaughter animals.

Volume Low - week ending January 29, 1982	2,290
Volume High - week ending March 26, 1982	4,701
Average weekly volume	3,485

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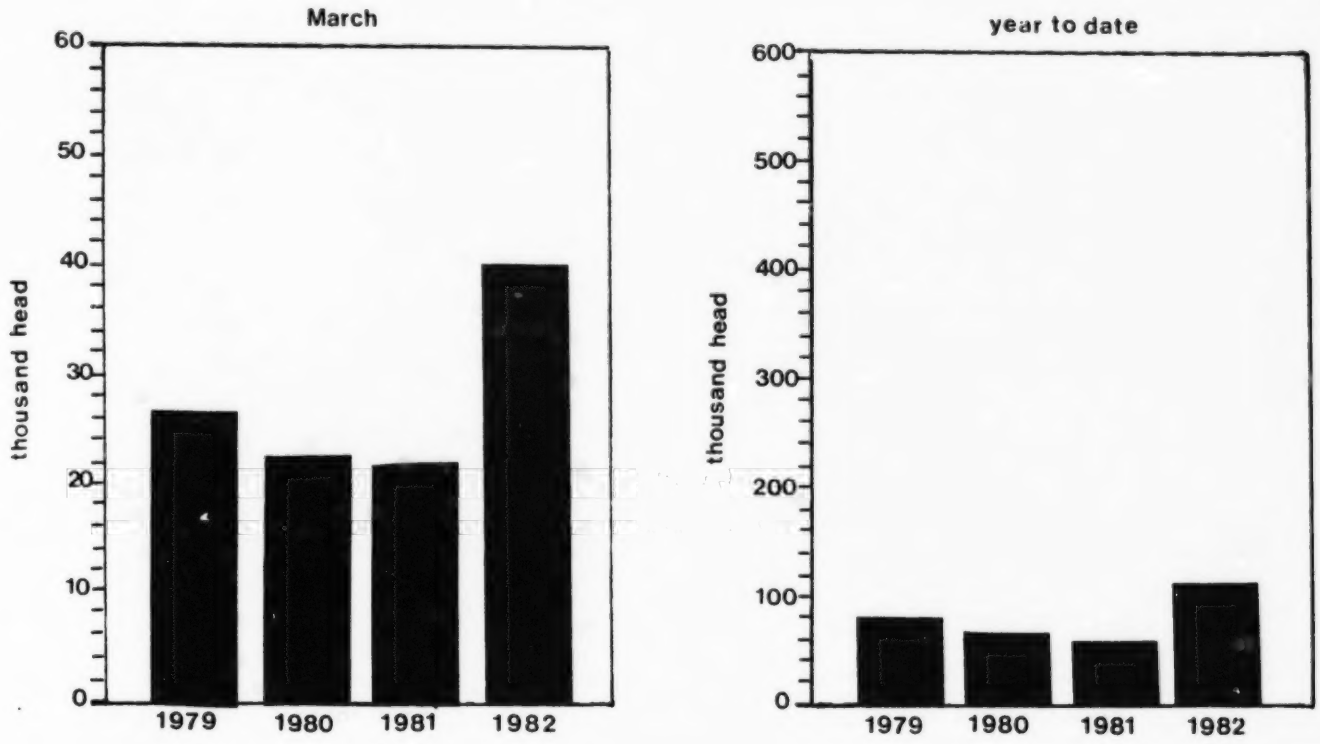
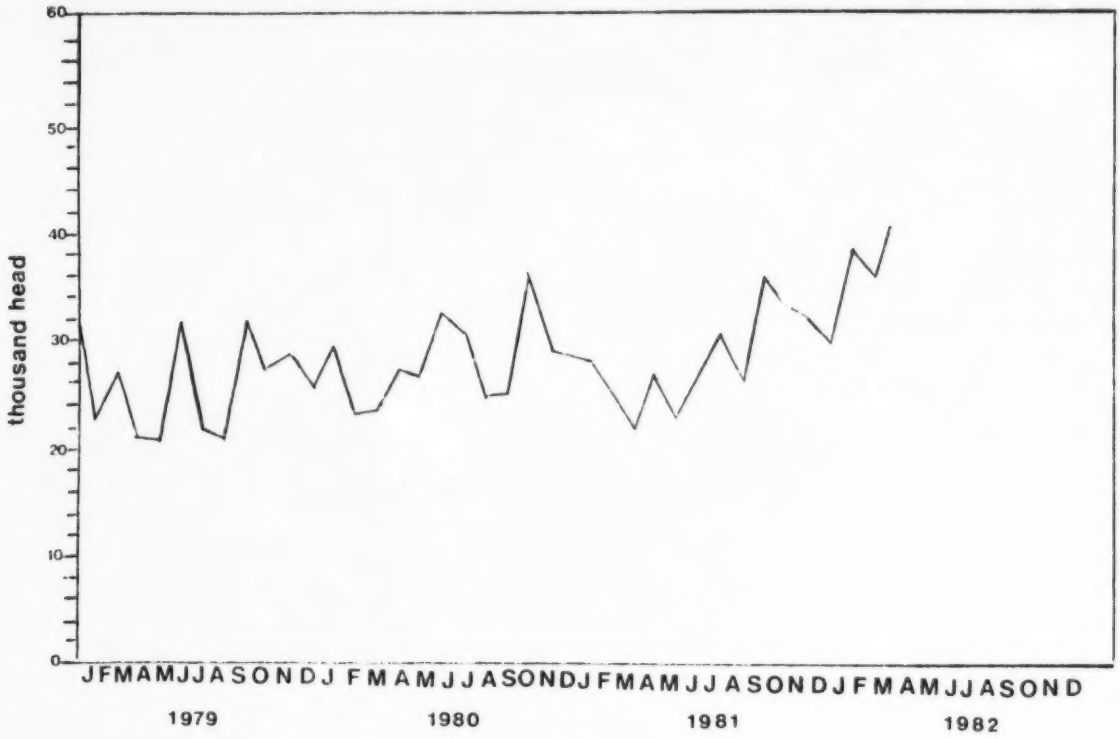
Saskatchewan Slaughter Cattle Marketings 1979-82

Saskatchewan Agriculture

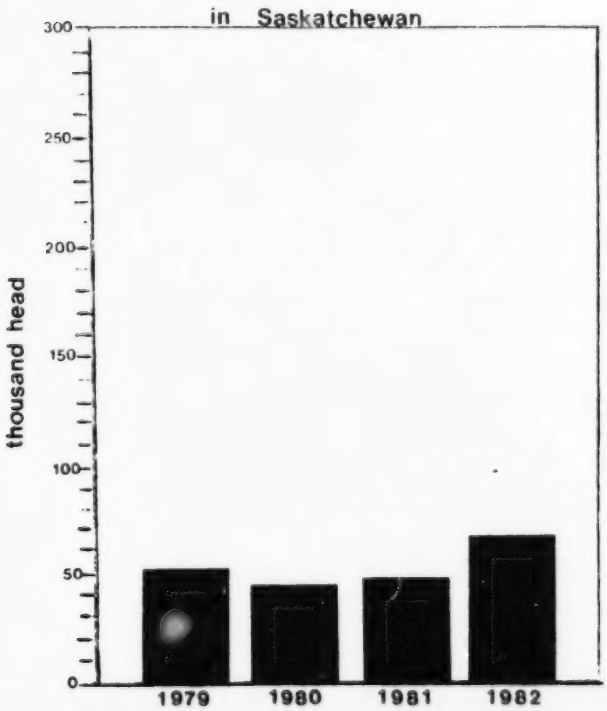


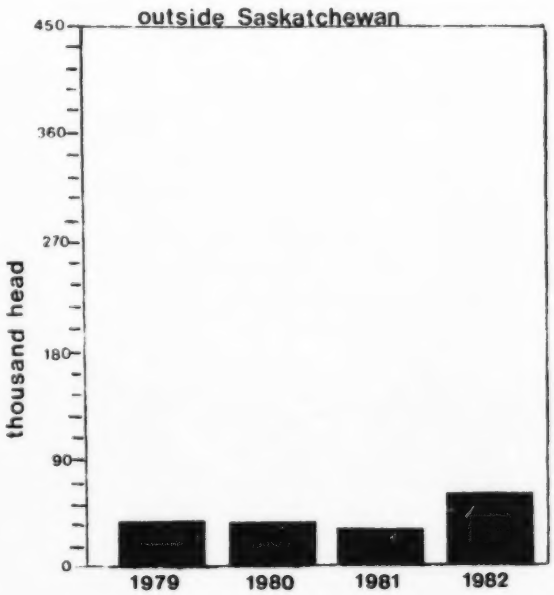
Saskatchewan Cattle Marketing Report

Saskatchewan Monthly Slaughter Cattle Marketings 1979-82



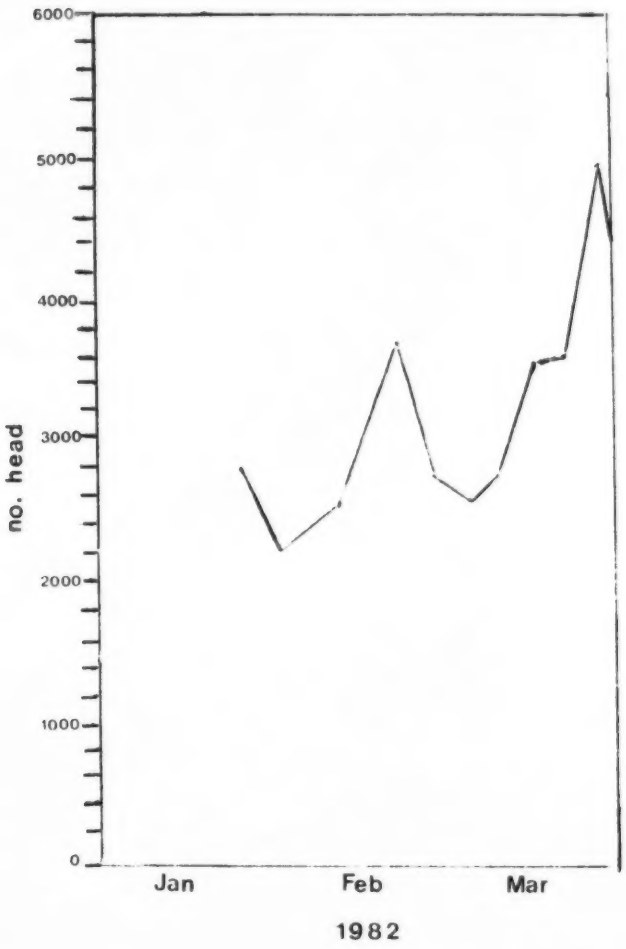
Shipments of Saskatchewan Slaughter Cattle to Packing Plants 1979-82





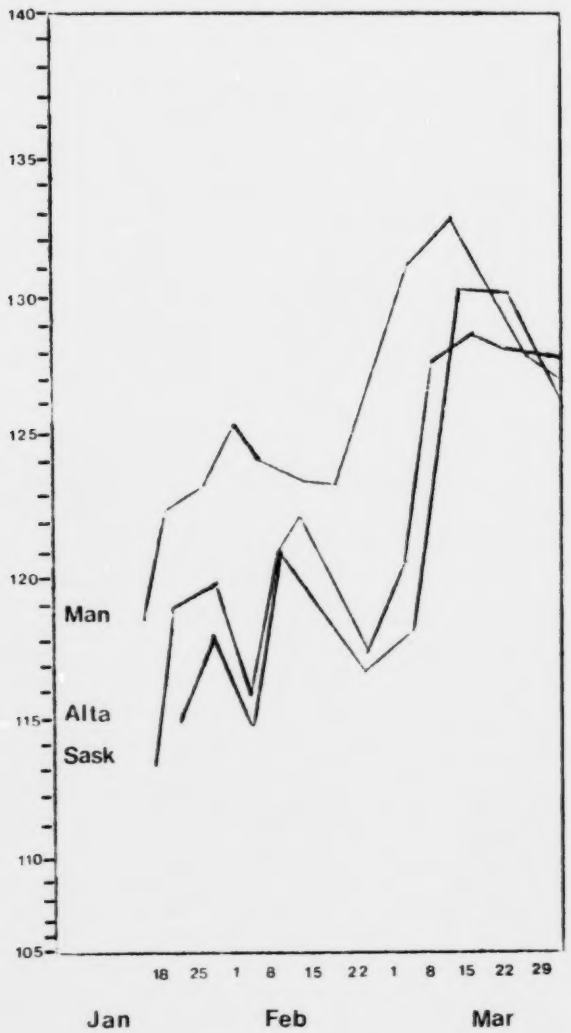
Saskatchewan Beef Stabilization Board

Sales Volumn Through Program



Saskatchewan Beef Stabilization Board

Western Canadian Price Trend Comparisons



1982

SASKATCHEWAN BEEF STABILIZATION BOARD

FINANCIAL STATEMENTS

For the Three Months Ended March 31, 1982

OFFICE OF THE PROVINCIAL AUDITOR

REGINA, SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of the Saskatchewan Beef Stabilization Board as at March 31, 1982 and the statements of revenue and expenditure and changes in financial position for the three months ended March 31, 1982. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1982 and the results of its operations for the three months then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan,
October 18, 1982.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

SASKATCHEWAN BEEF STABILIZATION BOARD

BALANCE SHEET

March 31, 1982

ASSETS

Current assets:		
Cash		$ 99,455
Accounts receivable		129,057
		228,512
Office equipment, at cost less accumulated depreciation (Note 5)		3,323
Producers' trust assets:		
Cash	$2,405,225	
Term deposits	2,036,058	
Accounts receivable	1,367,815	5,809,098
		$6,040,933

LIABILITIES AND EQUITY

Current liabilities:		
Accounts payable		$ 48,550
Deferred start-up revenue (Schedule 1)		104,704
		153,254
Producers' trust liabilities:		
Due to producers	$5,458,650	
Due to Stabilization Fund	283,821	
Other	66,627	5,809,098
Equity:		
Excess of revenue over expenditure for the three months ended March 31, 1982		78,581
		$6,040,933

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN BEEF STABILIZATION BOARD

STATEMENT OF REVENUE AND EXPENDITURE

For the Three Months Ended March 31, 1982

Revenue:	
Interest	$112,240
Marketing fees	90,614
Department of Agriculture - start-up grant	45,296
- administration grant	39,937
Insurance commission	4,087
Licenses	475
	292,649
Expenditure:	
Salaries and employee benefits	88,876
Accounting and legal	37,315
Communications	32,516
Directors' honoraria and travel	23,268
Computer services	13,196
Office supplies	9,695
Miscellaneous	5,604
Travel	3,423
Depreciation	175
	214,068
Excess of revenue over expenditure - to Statement 1	$ 78,581

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN BEEF STABILIZATION BOARD

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Three Months Ended March 31, 1982

Sources of working capital:	
Excess of revenue over expenditure	$ 78,581
Add depreciation not requiring an expenditure of funds	175
	78,756
Uses of working capital:	
Purchase of office equipment	3,498
Increase in working capital and working capital at end of period	$ 75,258
Represented by:	
Current assets	$228,512
Current liabilities	153,254
Working capital	$ 75,258

(See accompanying notes to the financial statements)

SASKATCHEWAN BEEF STABILIZATION BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 1982

1. Significant Accounting Policies

(a) Revenue Recognition

Marketing fee revenue is recognized on the basis of slaughter date.

(b) Office Equipment

Depreciation is provided on the diminishing balance basis at a rate of 20%.

(c) Start-Up Expense Grant

The grant provided by the Department of Agriculture to fund start-up expenses has been recorded as deferred revenue and amounts equal to start-up expenses incurred have been transferred from deferred revenue to revenue.

2. Incorporation

The Board was established under The Beef Stabilization Act 1980-81, C. B-0.1 and commenced operations on January 1, 1982. In accordance with the provisions of the Act the Board's main function is to market beef on behalf of producers and to administer the beef stabilization plan.

3. The Saskatchewan Beef Stabilization Plan

The Board administers the Beef Stabilization Plan which forms part of The Saskatchewan Agricultural Returns Stabilization Fund established under Section 5 of The Saskatchewan Agricultural Returns Stabilization Act. Stabilization transactions are therefore included in the financial statements of The Saskatchewan Agricultural Returns Stabilization Fund.

4. Related Party Transations

Related parties to the Board are Saskatchewan's Crown controlled departments, agencies and corporations.

(a) Transactions at market value.

Transactions entered into with related parties for purchase of supplies and services such as telephone and computer services are recorded at normal market prices.

(b) Costs borne by other agencies

The Board has not been charged with any occupancy costs nor has any provision for such costs been reflected in these financial statements.

No charge has been recorded for start up expenses incurred on behalf of the Board by the Marketing and Economics Division of the Department of Agriculture.

5. Office Equipment

The costs and related accumulated depreciation are:

Cost	$3,498
Accumulated depreciation	175
Net book value	$3,323

Schedule 1

SASKATCHEWAN BEEF STABILIZATION BOARD

SCHEDULE OF DEFERRED START-UP REVENUE

For the Three Months Ended March 31, 1982

Grant received from the Department of Agriculture	$150,000
Deduct transfer to revenue an amount equal to start-up expenses	45,296
Deferred revenue at March 31, 1982	$104,704